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HONOLULU

REWALD

Investment counselor Ronald Rewald, who claimed his company had ties to the CIA but was forced into bankruptcy after the disappearance of between \$10 to \$12 million, has been released from jail on \$140,000 bail.

Rewald, head of the bankrupt firm of Bishop, Baldwin, Rewald, Dillingham & Wong, was whisked away Monday to an unannounced location after his release from the Oahu Community Correctional Center.

Robert Smith, Rewald's civil attorney, said the release of Rewald, who was jailed last August, would help his case because he will be able to contact witnesses. The bail order prohibits Rewald from leaving the islands until criminal charges against him are cleared up.

Rewald's empire began crumbling in late July 1983 when the Internal Revenue Service issued an enforcement order against the company. Two days later, Rewald was found in a Waikiki hotel room with his wrists slashed.

His lifestyle included a large home, a fleet of expensive cars, part ownership of a European automobile dealership, a collection of art objects and membership in a polo club.

On Aug. 4, Bishop, Baldwin, Rewald, Dillingham and Wong was forced into bankruptcy and on Aug. 8 Rewald surrendered to authorities on theft charges.

Bail originally was set at \$10 million, but was subsequently reduced to \$200,000 and finally to \$140,000.

Several charges against Rewald, including federal action, are still pending.

Smith said he believed most of the money that was deposited into Rewald's company came from the CIA. Sources close to Rewald have claimed the company operated as a front for CIA activities.

However, Thomas Hayes, administrative controller for the bankrupt company, said he had listed all significant deposits and found no large amounts unaccounted for.

"No CIA funds were ever put into Bishop, Baldwin, Rewald, Dillingham and Wong other than minor reimbursements," he said. "There is no case against the CIA whatsoever." Hayes had indicated earlier he thought the company may have served as a mail-drop for the CIA but nothing more.

He said most of the money used by Rewald and the company came from investors and went to pay for Rewald's personal expenses.

The American Civil Liberties Union Monday announced it would challenge a federal order sealing CIA documents found in Rewald's files.

ACLU attorney William Harrison said the order is overly broad and opens the possibility the CIA could cover up wrong-doing by getting incriminating documents sealed on national security grounds.

Smith and San Francisco attorney Melvin Belli have filed a federal suit against the CIA on behalf of Ted Frigard, who says he invested in Rewald's company because Rewald assured him it was protected by the CIA.